

Organization of Foreign Affairs Machinery

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Mr. Ink prepared these remarks for The American Academy of Diplomacy Discussion on "How the government's foreign affairs machinery should be organized to insure maximum effectiveness in the conduct of America's international relations into the new century." The meeting was held on May 2, 1995, in Washington, D.C.

Background

These observations flow from a background of an Assistant Administrator of AID, evaluation of missions around the world, Nuclear Test Ban negotiations, and NATO nuclear custodial arrangements. This background also includes Assistant Director of BOB and OMB for Executive Management, and President of the private Institute of Public Administration which has worked with AID in three continents over many years.

I agree that government has become too fragmented, and have opposed establishing the last three cabinet departments and the Social Security Administration. I also closed down an agency I headed. But consolidation and elimination are not always the answer, and I oppose the proposals to consolidate our international agencies, particularly the folding of AID into the State Department.

To begin with, I do not share the growing view that the end of the Cold War means less importance for foreign affairs. Today, growth in nuclear proliferation and competition for world markets are two dimensions that are increasingly critical and make *effective international policies and programs more vital to the United States today than before*. Therefore, the argument some make that, because this is a declining government function we should consolidate, is not based on a valid assumption.

Second, there are operational factors to consider in organizing our foreign affairs that one would never find in conventional doctrines for structuring either business or public organizations. This paper will address several of these as they relate to AID and the State Department.

Impact of Consolidation on Foreign Assistance.

• *Emergence of Democracies.*

One of the most stirring stories of our assistance activities has been the critical role they played in bringing about free elections in Latin America during the late 1980s. The State Department deserves far more credit than it has received for this success. But so does AID which carried so much of the burden of working with the various host country factions that had to be involved.

While operating under the policy direction of our ambassadors, AID nonetheless often needed to exercise considerable autonomy in order to have enough credibility to counter allegations of interference with internal politics of the countries.

The "Yes-No" vote in Chile is an example of AID having to draw upon every ounce of credibility it had developed with the Church and other non-governmental groups in the face of death threats and other volatile pres-

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sures as it conducted very delicate informal negotiations which neither the State Department nor a non-government foundation could have handled.

At the same time, neither could AID have succeeded without State. *Each had an essential role which, in my judgment, could not have worked under agency consolidation.* The same has been true in other countries such as Guatemala where it was only because of AID technical assistance to the large Indian population that made that country's first free election a success. An appendage of the State Department could not have developed the necessary confidence of those people, because the State Department cannot avoid be-

ing more directly associated with government regimes that are regarded as repressive. The fact that association may be perceived by the public as much closer than is the case, does not solve the problem of credibility.

Elections are only the beginning of the process of establishing democratic institutions, a process which involves the interaction of a wide range of government and private organizations, as well as the public. AID is uniquely equipped to develop and nurture this complex, and generally very fragile, network of divergent groups.

• *Technical Assistance.*

Technical assistance requires a range of time-tables to be effective. Disaster assistance requires instant response. On the other hand, developing food sources needed to avoid destabilizing starvation and violence requires sustained assistance programs which extend over a period of years. These need to be insulated to the extent possible from the frequent political crises that often plague the poorest countries and necessarily affect the actions of State. It is often very useful for an ambassador to be somewhat shielded from external pressures to use technical assistance initiatives as pawns in pursuing short-term policy objectives.

During the critical period in Central and Eastern Europe when the people courageously threw out the repressive Communist dictatorships, the United States abandoned its past approaches to technical assistance and floundered badly. We tried to function without AID missions which had been the mainstay of past AID successes over the years. Attempting to substitute State Department operational control failed.

As a result, our knowledge of the dynamics of rapidly changing societies was inadequate, our knowledge of the new governments was sparse, and contacts with emerging fragmented and informal political groups was very limited. With respect to our foreign assistance, some of the contracting was often delayed two years or more, numerous individual consultants were flown in and out, never to be seen again, and economic advice

was given in a vacuum. Assistance to help governments make the transition from command systems to democratic institutions that could foster private enterprise was denied to countries that were pleading for such help.

With some exceptions, our assistance during the first two years was a tool of ever changing tactical priorities of the State Department, and our U.S. impact was much less than it should have been in a number of key areas.

All this has contributed to (though it did not cause) the political instability of several countries. It contributed directly to the high level of vulnerability to crime and corruption that weakened the confidence of the public in the value of democratic governments. Stop and go technical assistance is a waste of the

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U.S. taxpayer's dollars and undermines our credibility with people in other countries.

- **Institutional Development.**

Strengthening or replacing institutions is necessary for sustainable development in many fields; agriculture, small business, systems for delivering social services, etc. Their success depends in part on minimizing the perception that such assistance is political interference with the internal affairs of a host country. It also depends on *continuity* and a sufficiently long period during which new structures and systems can be institutionalized. Considerable professional skill and experience in this difficult task is essential.

These ingredients for success are not easy to obtain under the best of conditions, and would be much more difficult for an AID that was a part of State Department.

- **Maintaining Communication.**

As a separate agency, AID is in a position to maintain indepth contacts with a uniquely wide range of host country groups that cut across political and social components of society. Paraguay in the 1980s is an example of

the ability of AID to maintain a surprising level of activity with only two United States employees during a hostile dictatorship. This work with small farmers and micro-businesses bitterly opposed to the country's leaders could not have proceeded under the higher profile State Department.

Not only does this AID capacity to maintain relationships with diverse host country factions help sustain a positive image of the United States, it provides an ambassador with a rich source of information needed for political, social, and economic analyses. Developing countries cannot provide the statistical data that is available to embassies in advanced countries where there is no AID.

Impact of Consolidation on State Department

- **Administrative Quagmire.**

The State Department is now spared involvement in the enormously complicated day-to-day administrative task of managing foreign assistance. Major operational issues do involve ambassadors, but these represent only a very tiny fraction of the work involved. Those finding their way to Washington are virtually all handled by AID.

With consolidation, the daily flood of issues and complaints from contractors, host country organizations, auditors and members of Congress involving the most minute details of AID managed projects would now be under the State Department roof. Ambassadors and assistant secretaries would be held accountable for many of these matters no matter how they might try to insulate themselves through contracts or foundation. State Department congressional hearings would be filled with much of the administrative issues that now characterize AID hearings.

Such a development would likely lead to an *enormous diversion of time and energy from their principal mission to managerial activities for which they are not trained*. State Department experience with construction of overseas embassies should raise a large caution flag for taking on large-scale managerial responsibilities.

- **Vulnerability to Waste and Corruption.**

In assessing the potential State Department difficulties with consolidation, we should not discount the *increased vulnerability to controversy from allegations of diversion of funds*

and other forms of corruption. As an example, had AID been a part of State Department, I do not believe we would have had the success we did in ensuring that the scores of spigots for Central American technical assistance funds were not caught up in the Iran-Contra affair. These consequences could have been devastating.

Charges of waste and irregularities far less dramatic than Iran-Contra could be extremely time-consuming and divisive at times when all the persuasive powers of the State Department need to be mustered for difficult foreign policy issues. Again, the Department could not shield itself from these issues through foundations or other structural devices.

Is the Existing Arrangement Broken?

The first question that should be asked is whether the current organizational arrangements are so flawed that we need major surgery. I would suggest that *we suffer far more today from ineptness in using the current legal framework than from basic organizational flaws*. Look at how well State Department and AID functioned during the period when Peter McPherson headed AID, and then compare that experience with the unfortunate early 1990s when AID had weak, State dominated leadership. The legal and structural arrangements were the same; the performance dramatically different.

For several years, the State Department and AID organizations for Latin America and the Caribbean were merged. That did not last, and I suggest we review this history before moving ahead on a larger scale with something that failed before.

Some suggest the use of foundations or other non-government devices as an alternative to AID. Having headed an NGO, I cannot imagine the President, State Department, or the National Security Council wanting to lose the level of policy control that are inherent in the proposals I have seen.

Where Do We Go?

There may be new mechanisms for delivery of foreign assistance that could be used effectively by AID. This should be the subject of careful discussion. In this connection, I would avoid more reliance on contracting out unless the programs are

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and family planning is only 13% of national budgets and only 7% of official aid. Developing countries with biggest military budgets averaged 2.5x as much development aid per capita as low military spenders! To address the growing challenge of human security, people need to be at center of development; economic growth needs to be a means and not an end, to protect the opportunities of present and future generations, and to respect the natural systems on which all life depends. 2.5 m. fewer children will die in 1995 from routine risks of childhood than in 1990. Only 1 m. will die of measles this year compared with 3 m. 10 years ago. The correlation of illiteracy and poverty is demonstrated by the low literacy rate of the 30 countries with the lowest per capita GDP. The ratio of soldiers to teachers is far higher in countries with high poverty and low literacy. Increased literacy leads to increased productivity and greater stability. World hunger dropped by 10% in the 1980s. Hunger is caused by war, poverty, discrimination, environmental abuses, and political disenfranchisement, not food shortages. Electric generating capacity and telephone lines more than doubled in mid-income countries from 1975 to 1990. In Bangladesh, 78% have clean water vs 39% 10 years ago. Resources can be better utilized with adequate maintenance, location, appropriate technology, well-run services, and appropriate pricing.

The Population Conference in Cairo agreed on a 20-year comprehensive program of action to stabilize population, with a concentration on child survival rates and the empowerment of women. Many old divisions on issues (north/south, east/west, rich/poor, non-white/white) have lessened as most appreciate the urgency re the quality of human life. The interconnectedness of poverty, overpopulation, and environmental degradation have become painfully evident. Unmet demand for family planning is much higher than previously thought. Family planning is taking off in Zimbabwe, Kenya, Botswana, Ghana, and Bangladesh. Japan has increased its funding 10x from \$40 m. to \$400 m.; the US doubled its commitment to \$585 m.; and Germany will give \$2 b. over 7 years. An increase from \$6 b. to \$15 b. per year is needed to fully fund the action plan.

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changed substantially, and not simply scaled back. AID does not have enough employees to administer the contracts it has now.

I also recommend a stronger role for the State Department in integrating activities of Commerce, Agriculture, and other departments and agencies within our foreign policy framework. It has been my experience that these activities are often more independent of Presidential and State Department policy leadership than is AID. In addition, a lower level of scrutiny than is given AID projects tends to obscure poor performance.

Most of all, I would urge more careful analysis to what underlies the criticisms of our current arrangements. I believe that the Clinton Administration, and particularly Mr. Atwood, should be complimented on not yielding in the foreign policy area to the propensity of the National Performance Review toward "amputation before diagnosis." Our leadership role in the world is too important to experiment with major changes in our machinery before we know what we are doing.

A RECORD OF ACCOMPLISHMENT



- USAID child survival programs have made a major contribution to a 10 percent reduction in infant mortality rates worldwide in just the past eight years.
- Agricultural research sponsored by the United States sparked the "Green Revolution" in India. These breakthroughs in agricultural technology and practices resulted in the most dramatic increase in agricultural yields and production in the history of mankind, allowing nations like India and Bangladesh to become nearly food self-sufficient.
- Literacy rates are up 33 percent worldwide in the last 25 years, and primary school enrollment has tripled in that period.
- With the help of USAID, 21,000 farm families in Honduras have been trained in improved land cultivation practices which have reduced soil erosion by 70,000 tons.

Foreign Assistance as a Percentage of the FY 1994 Federal Budget

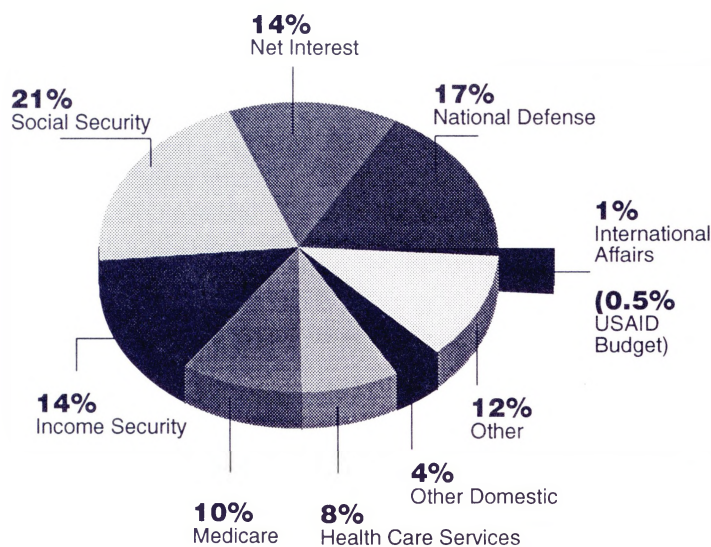


Chart does not total 100 percent because of rounding.

Source: Budget of the U.S. Government